

Project Pro Forma Guidelines

Minnesota Guaranteed Energy Savings Program

The following assumptions are guidelines from the Department of Commerce for use in developing GESP Project Pro Forma.

Cost/Savings Category	Source / Comments	Assumed Value
Project Cost	ESCO. The Guaranteed Maximum Price of the project. During project development the ESCO will provide the amount to be used for planning purposes.	\$
IGA Fee	Work Order Contract. The final Investment Grade Audit fee based on audited square feet.	\$
Rebates, Incentives & Grants	ESCO. The amount committed to by the utilities and other sources, based on the ESCO's final project scope. During project development the ESCO will provide the amount to be used for planning purposes.	\$
Construction Financing	ESCO. The actual cost of construction financing based on the lease rate and ESCO's project installation schedule. During project development the ESCO will provide the amount to be used for planning purposes.	\$
Energy Savings	U.S. DOE Federal Energy Management Program, Building Life Cycle Cost Program, utilizing the Energy Escalation Rate Calculator (EERC) http://energy.gov/eere/femp/articles/eerc-download Performance Period = Term of Lease Purchase Agreement (years) Carbon Pricing Policy Option = No Carbon Pricing Annual Energy Escalation Rate; Inflation Rate (%) = Default Rate	EERC derived % annually
Operational, Maintenance and Repair Savings	Minnesota Management and Budget.	3% annually
M&V Fee	ESCO. The ESCO's annual Measurement & Verification Fee is determined based on the projects final scope and M&V methodologies. The annual rate adjustment is negotiated annually. The M&V Fee shall be assumed to continue for the term of the Lease Purchase Agreement.	3% annually
M&V Third Party Review Fee	Work Order Contract. Percent of the annual Guaranteed Energy Savings amount reserved for Third Party Review of the ESCO's M&V Report. This review is conducted at the option of the State Institution.	2% of Energy Savings annually
Lease Term	State Institution with input from the Department of Commerce. The lease term will be based on the Cost Weighted Average Useful Life of the project's Energy Conservation Measures, and shall not exceed the statutory maximum of 25 years.	Maximum of 25 years
Lease Rate	ESCO. The actual rate of the final Lease Purchase Agreement. During project development the ESCO will provide a rate to be used for	%

	planning purposes.	